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DIVISION OF MINES AND MINERALS

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MINES AND PETROLEUM BULLETIN

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MINING ACTIVITY

Southeastern - The first large shipment of approximately 26,000 tons of bauxite is scheduled out of Castle Island near Petersburg on October 27. The ore will be shipped on one of Carribbean Steamship Company's vessels. Carribbean Steamship Company is a subsidiary of Reynolds Aluminum Company Inc.

Granduc Mines, Ltd. on the Canadian side at the head of the Leduc River is now in 12,000 feet on the Tide Lake tunnel and 2500 feet on the drainage tunnel near the orebody. The road from Hyder has been repaired and in places relocated. A townsite is being established near the plant site at Tide Lake.

OIL AND GAS NEWS

Three applications for permits to drill were approved by the Division's Petroleum Branch during the month:

West Foreland Unit #4 - Shell Oil Company Operator - 1980' FNL and 1980' FEL, Section 36, T9N-R14W S.M. This location is in Cook Inlet about 2½ miles southwest of the recently successful West Foreland Unit #3 drilled by the Atlantic Richfield Company.

Painter Creek #1 - Cities Service Oil Company Operator - 571' FNL and 998' FWL Section 14 T35S-R51W S.M. This location is on the Alaska Peninsula about 27 miles south of the village of Ugashik.

Middle Ground Shoal #A-11-12 - Shell Oil Company Operator - Surface location: 1675' FSL and 371' FEL, Section 11, T8N-R13W S.M. Bottom hole location: 535' FNL and 540' FWL, Section 12 T8N-R13W, S.M. This bottom hole location is about 3100' north-east of Shell's Platform "A" in the Middle Ground Shoal Field.

Middle Ground Shoal Well Spacing Rehearing - The Alaska Oil and Gas Conservation Committee held a public hearing on September 23, 1966 to hear further evidence on Pan American Petroleum Corporation's request for 80-acre well density in a portion of the Middle Ground Shoal Field

and for amendment of Conservation Order #26, which the Committee issued as a result of the first hearing on Pan Am's request. Pan American Petroleum Corporation, as operator for Phillips Petroleum Company, Sinclair Oil and Gas Company, Skelly Oil Company and itself, presented testimony and five exhibits to support the request.

Shell Oil Company, operator for Atlantic Richfield Company, Standard Oil Company of California, Western Operations, Inc., and itself, objected to the request and their objections were made part of the hearing.

Members of the Conservation Committee present at the hearing were James A. Williams, Chairman; Thomas R. Marshall, Jr., Executive Secretary; and Karl L. VonderAhe, Member.

Drilling Activity:

<u>Operator</u>	<u>Well Name and Number</u>	<u>Status 9/25/66</u>
Atlantic Richfield Company	McArthur State #1	Comp. Oil Well
Atlantic Richfield Company	Middle River State #2	Drilling
Austral Oil Company	Federal #1-3	Location
Cities Service Oil Company	Painter Creek #1	Location
Great Basins Oil Company	Ugashik #1	Abandoned
Hunt Oil Company	Kalgin Island State #1	Drilling
Mobil Oil Corporation	Tower #1	Drilling
Pan American Petroleum Corp.	Cook Inlet State 17591 #1	Drilling
Pan American Petroleum Corp.	Cook Inlet State 17593 #1	Location
Pan American Petroleum Corp.	East MGS 18751 #1	Drilling
Pan American Petroleum Corp.	MGS 17595 #5	Standing
Pan American Petroleum Corp.	MGS 17595 #8	Drilling
Pan American Petroleum Corp.	North MGS State 18745 #1-A	Drilling
Pan American Petroleum Corp.	Tyonek State 17586 #1	Comp. Oil Well
Pan American Petroleum Corp.	West Forelands Unit #2	Abandoned
Placid Oil Company	State 17580 #1	Drilling
Shell Oil Company	West Foreland Unit #4	Drilling
Shell Oil Company	MGS A-11-1	Comp. Oil Well
Shell Oil Company	MGS A-11-12	Location
Standard Oil Co. of California	Ivan River #1	Drilling
Texaco, Inc.	Coal Bay State #1	Location
Texaco, Inc.	Nicola Creek Unit #2	Drilling
Texaco, Inc.	Trading Bay State #1	Drilling
Texaco, Inc.	Trading Bay State #2	Location
Texaco, Inc.	Trading Bay State #3	Location
Trinity Canadian Drilling Co.	Homesteaders #1	Testing (?)
Union Oil Co. of California	Kenai Unit #41-2	Drilling

Production - August, 1966

<u>Field</u>	<u>Zone</u>	<u>Prod. Wells</u>	<u>Oil, Bbls.</u>	<u>Gas, MCF #</u>
Swanson River Field	Hemlock	46	960,439	510,379
			57,676,478*	15,658,336*
	Kenai	1		56,427
				11,527,451*
	Injection, Hemlock	8		3,098,176**
				33,237,811* 1/
Middle Ground Shoal	Hemlock	11	355,303	150,962
	and Kenai	(Incl. 2 duals as 4 wells)	1,197,376*	457,412*
Kenai	Kenai	16		3,282,722
		(Incl. 6 duals as 12 wells)		35,373,465*
Sterling	Kenai	1		11,171
				355,021*

Swanson River gas at pressure base 15.025 psi. All other is 14.65 psi.

* Cumulative to September 1, 1966

** Includes 2,769,818 from Kenai field.

1/ Correction for July injection 8 MCF less than reported.

DEPARTMENT OF THE INTERIOR LOSES TWO MINING CLAIM DISPUTES

On June 21, 1966, the Ninth Circuit of the U.S. Court of Appeals set aside the decision of the Secretary of the Interior invalidating mining claims held by Alfred Coleman. On August 8, 1966, the U.S. District Court, District of Nevada, set aside the Department of Interior's decision on the validity of 36 sand and gravel placer claims owned by the Dredge Corporation.

Coleman had staked and quarried decorative stone from 18 claims from 1949 until 1956 when he applied for mineral patent. From that date on the Department of Interior held hearings at the request of the U.S. Forest Service which eventually led to his eviction from the property. Ten years of hearings and appeals led finally to the U.S. Court of Appeals where the "prudent man" concept was upheld and the U.S. Forest Service "marketability" concept was set aside.

The Dredge Corporation claims were declared invalid by the Department of the Interior because of lack of discovery. This decision was set aside by the District Court because of the "prudent man" decision in the Castle v Womble case and the Coleman case.

It appears now that Department of Interior decisions are subject to judicial appeal and may change the attitude of the U.S. Forest Service in regards to patenting mining claims in such places as Hawk Inlet, a former gold producer; Funter Bay, a former gold producer and the site of a copper-nickel deposit; Snettisham and Union Bay, both magnetite deposits; and several other places in the Tongass and Chugach National Forests.

Another item that miners and prospectors will note and appreciate is a quote from a Senate Interior Committee report on S. 3485 to clarify the term "common varieties" which reads as follows: "The committee disagrees emphatically with any ideas or concepts leading to still further abrogation and erosion of the mining laws, and will oppose, with vigor, any further action or attempted action designed to accomplish that purpose either by indirect, piecemeal legislation or by administrative interpretation and determinations."

1966 ORE BUYERS' GUIDE

A copy of the 1966 Ore Buyers' Guide prepared by the California Mining Journal from lists prepared by the U.S. Bureau of Mines and ore and metal buyers has been received in the Juneau office. The four-page list is available for copy in the event anyone desires one.

EXPLORATION TAX BILL SIGNED INTO LAW

The Ullman-Gruening mining exploration tax exemption bill was signed by President Lyndon B. Johnson and became Public Law 89-570. The new law will allow mining companies to take as current income tax deductions costs of exploration for minerals without limit. Before passage the deduction was limited to \$100,000 annually and a total of \$400,000 for all exploration costs of an operator. The law provides for recapture through foregoing depletion or reporting the exploration costs as income in the event the prospect becomes productive.

Comments heard at the recent American Mining Congress Convention, held in Salt Lake City, Utah, indicate that the law will be of benefit to Alaska. Since many companies have exhausted the total deduction of \$400,000 under the old law, a very considerable amount of "tax money" will now be available for exploration in Alaska.

NEW PUBLICATIONS

U.S. Geological Survey, Map I-469, Geologic Map of the Kwiguk and Black Quadrangles, Western Alaska, by J.M. Hoare and W.H. Condon. Available from the various U.S.G.S. Map Sales offices. Price \$1.00.

Correction: The open file report, "Strike-Slip Faults in Alaska," by Arthur Grantz is on open file only in Washington D.C.

U.S. GEOLOGICAL SURVEY PUBLICATION PRICE INCREASE

Effective October 1, 1966, the Topographic quadrangle maps at scales 1:24,000, 1:31,680, 1:62,500, 1:63,360, and 1:125,000 will be 50¢ each. Topographic maps at scale 1:250,000 will be 75¢ each.

Discounts of 20% will be allowed on purchases of \$20 or more and on orders of \$100 or more a 40% discount will be allowed.

A COMPARISON OF CLAIM STAKING-BRITISH COLUMBIA V. ALASKA

On September 1, 1966, an announcement was made by the British Columbia Department of Mines and Petroleum Resources, of a molybdenum-copper occurrence found during the course of examining rock exposures along a logging road on the northwest side of the Coquihalla River, across from the mouth of Peers Creek. By September 3, over 160 claims were staked by at least seven mining companies and individuals in the vicinity. Geochemical sampling and geological mapping followed claim staking.

To date, not a single claim has been staked on the strong zinc-lead anomaly over an area of 2000' by 6000' along the Nome-Teller Highway reported in Geologic Report No. 24 by the Division of Mines and Minerals and publicly announced on July 8, 1966.

NEW DM&M TELEPHONE NUMBER AT ANCHORAGE

Effective October 7, the telephone number of the Anchorage Division of Mines and Minerals office will be changed. The new number will be 279-1433.

E. AND M.J. METAL MARKET PRICES

	<u>September 29</u> <u>1966</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	36.1¢	35.9¢	36¢
Lead, per lb.	15¢	15¢	16¢
Zinc, per lb.	15¢	15¢	15¢
Tin, per lb.	154.65¢	154.3¢	192¢
Nickel, per lb.	77.75¢	77.75¢	79¢
Platinum, per oz.	\$100	\$100	\$97-100
Mercury, per flask	\$470-490	\$430-450	\$630-640
Antimony ore, per unit	\$4.55-5.55	\$4.55-5.55	\$6.00-7.25
Beryllium powder, 98% per lb.	\$54-66	\$54-66	\$54-66
Chrome ore, per long ton	\$31-35	\$31-35	\$31-35
Molybdenum Conc., per lb.	\$1.55	\$1.55	\$1.55
Titanium ore, per ton	\$21-24	\$21-24	\$21-24
Tungsten ore, per unit	\$43.00	\$43.00	\$26.00-26.50
Silver, New York, per oz.	129.3¢	129.3¢	129.3¢
Silver, U.S. Treasury, per oz.	129.29¢	129.29¢	129.29¢

LATE MINING NEWS - Information in the Northern Miner indicates that Cambridge Mining Corporation, Ltd., of Toronto is now drilling a 60-claim group on Gravina Island. This is in the Ketchikan area.